

B. Market Study

KENMORE DOWNTOWN PLAN

MARKET STUDY

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PREPARED BY:

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**CITY OF KENMORE
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I. INTRODUCTION AND SUMMARY

INTRODUCTION

The recently adopted Comprehensive Plan for the City of Kenmore emphasizes the establishment of a Downtown Core. The location of the Downtown has long been defined as the vicinity of 68th Avenue NE and SR-522. The City has identified a Downtown strategy consisting of three components.

1. Special districts to recognize the different character of Downtown quadrants.
 - Community District which includes the Northwest Quadrant and influence area.
 - Master Plan District which includes the areas on Lake Washington and the Sammamish River south of SR-522.
 - Transportation Coordination District.
2. Circulation Plan
3. Strategic Civic Investment Area focused on the Northwest Quadrant.

The Kenmore Downtown Plan is intended to refine the Downtown Development Strategy.

The Downtown Plan is expected to recognize and respond to market forces in the City and larger region. Accordingly, the scope of the Downtown Plan includes a Market Study which identifies the market forces and estimates the amount of market demand which the Downtown might capture.

The Market Study addresses three uses: multifamily residential, retail and office. The market study does not address whether the development of such uses will be financially feasible. Such a determination is site specific and will be addressed in a subsequent phase of the Downtown Plan process.

This report documents the results of the market study. It is organized in six sections.

- I. Introduction
- II. Economic and Demographic Conditions
- III. Multifamily Residential Demand
- IV. Retail Demand

V. Office Demand

VI. Downtown Development Potential

SUMMARY

The key findings and conclusions are summarized according to the major sections in the remainder of the report.

ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS (SECTION II)

The City of Kenmore has an estimated population as of April 1, 2001 of 18,790. The City has the potential to serve a larger market area extending approximately three miles in each direction. The population of this area is approximately 190,000 in 2000, and is projected by the Puget Sound Regional Council (PSRC) to grow to 225,000 by 2020, an increase of 18 percent. The City of Kenmore is projected to grow at half that rate.

There are approximately 4,500 jobs in Kenmore in 1999. This represents 0.26 jobs per capita, well below the County-wide average of 0.64, and figures in Bothell and Kirkland of 0.61 and 0.75 respectively. Kenmore still serves largely as a bedroom community for surrounding employment centers.

The Kenmore area has a relatively high average household income, estimated to be \$81,000 in 1997, compared to approximately \$70,000 for the County as a whole and the Kenmore market area.

MULTIFAMILY RESIDENTIAL DEMAND (SECTION III)

Because the City is only 3 years old, there are still discrepancies in the estimated number and mix of housing units within its boundaries. While State sources estimate there to be 1,600 multifamily units in 2000, Assessor records indicate over 2,000 units. In spite of this discrepancy, it appears that multifamily units make about 22 to 26 percent of total housing units, and condominium units make up 20 percent of multifamily units. The latter factor is comparable to the average for King County, while the former is much lower than the County average of 38 percent.

Apartments in the Bothell area (an area for which data are available, and which includes Kenmore) have a low average vacancy rate of 4.2 percent. Within Kenmore itself, apartments were developed during the economic peaks in the late 1960's, 1980's, and 1990's. The newest major project in the region is the Trail Walk Apartments opened in 1995 on NE 175th across from the Burke Gilman Trail. Its rents of \$1.15 to \$1.30 per square foot compare favorably to rates at newer projects in surrounding communities. In general, vacancy rates are low with most projects reporting that any vacated units are quickly re-leased.

There are 380 condominium units in 18 projects in the City as of September 2001. Recent sales prices range from \$55,000 to \$450,000 per unit. The most expensive units are in Harbor Village, Marina Cove, and Inglewood Shores, all on Lake Washington; and Sun Vista at Lakepoint above the lake on NE 181st. These prices are equivalent to \$175 to \$225 per square foot, below the average rates for projects in Downtown Seattle and the Eastside. Several new condominium projects in Kirkland are achieving prices of \$400 per square foot.

The King County County-wide Planning Policies target level for household growth in Kenmore is 974 to 1,190 over the 20 year period 1992 to 2012. If multifamily units represent the historic average share of 25 percent, multifamily absorption would be 13 to 15 units per year over that period. This is much lower than the average over the past 20 years of 54 market rate units per year. Since there is capacity in the City to support growth at historic levels and regional population growth is likely to continue at historic levels, there is no probable reason for multifamily demand not to continue at 40 to 60 units per year. Condominiums will likely make up 30 percent of the total. The three primary market segments are:

Large luxury units with waterfront sites and/or views.

Moderate to large sized high amenity units in projects with commercial services and recreational amenities on-site or within walking distance.

Small to moderate sized units with basic features and lower rents.

Development of a large scale mixed use project such as LakePointe should generate demand beyond that forecast above, particularly in the luxury unit market segment.

RETAIL DEMAND (SECTION IV)

Data on taxable retail sales in Kenmore are available for years 1999 and 2000. Taxable sales for retail trade grew by 12 percent over this period, while taxable service sales declined slightly. The largest retail sectors in absolute terms are food, gas stations, eating/drinking and miscellaneous retail. Kenmore retail largely serves a local market area. Even within this area, the City captures only a small share of resident expenditures. According to an analysis of retail leakage, City businesses capture only \$72 million in gross sales for retail trade out of \$236 million in estimated City resident spending, and \$30 million in gross sales for services out of \$51 million. While it is not unusual for a small community to experience leakage in categories such as general merchandise, apparel, and auto sales, Kenmore businesses captured only \$19 million for groceries out of \$43 million.

The retail inventory in the City consists of a mix of shopping centers, shopping districts (a concentration of individual buildings), highway oriented development and some stand-alone facilities. The largest concentrations are Kenmore Square (Bowling Alley) and surrounding development, Safeway and surrounding development, and Kenmore Village

(City Hall) and surrounding development. With the exception of the Safeway concentration, many of the existing retail facilities are dated in terms of configuration, appearance, and performance. The newer strip centers in Kenmore do command rents which are at or above average within the region.

Future retail demand is estimated in terms of gross sales and supportable development based on household growth, income levels, spending factors, and capture rates. The capture rates reflect typical performance levels by sector and are significantly higher than current levels for sectors such as grocery and personal services. Projected increases in sales would be sufficient to support additional retail development in the following range:

Retail Trade	8,000 – 12,000 SF per year
Services Except Lodging	2,000 – 3,000
Total	<hr/> 10,000 – 15,000

The development would be a combination of commercial neighborhood centers, mixed use (residential and commercial) and strip centers.

These projections are conservative in two respects. First, they are based on PSRC population growth projections for Kenmore which are low relative to historic growth. Second, they are based on Kenmore's role as a retail center for a local market area. A project of the scale proposed at LakePointe could create demand for specialty retail in a destination setting beyond the demand forecast above.

OFFICE DEMAND (SECTION V)

Conditions in the regional office market in the Puget Sound area have changed dramatically in the past 18 months. Area-wide vacancy rates have increased from 2.7 percent at the end of 2000, to 10 percent at the end of the second quarter 2001. This result was a combination of increases in the supply of office space with the completion of several new buildings, and a decline in absorption with an overall softening economy and the shake-out in the technology sector.

The Kenmore office market is quite small in comparison to the region. There are only 21 buildings with a total of 92,000 square feet. The largest buildings are only 10,000 square feet. The inventory is evenly split between general office and medical/dental. In addition to the local medical community, office using tenants include finance, insurance, real estate and services businesses serving the local area. Existing buildings have an average vacancy rate of approximately 12 percent.

Kenmore's ability to capture regional and national serving office users depends on its competitive position. Office concentrations in Bothell, Mountlake Terrace, and Kirkland are all located on major interstate highways. Kenmore does not offer that level of highway access and visibility. Kenmore does have an opportunity to capitalize on its waterfront setting as is the case at Carillon Point in Kirkland. The space in that project

commands some of the highest rents in the region. However, that opportunity is specific to LakePointe, or a development of comparable scale.

As a local serving office market, Kenmore's growth in demand is not likely to exceed 5,000 square feet per year, excluding governmental office and civic uses. This development will occur in small increments as part of mixed use commercial or residential/commercial structures, or stand-alone buildings.

DOWNTOWN DEVELOPMENT POTENTIAL (SECTION VI)

The Downtown area and Northwest Quadrant will capture a share of City-wide development based on several key characteristics of these areas.

- Central location.
- Location on major highways/arterials.
- Location on Lake Washington and the Sammamish River.
- Existing development ranging from low intensity industrial development to moderate intensity commercial development.

Projected demand is allocated to the areas as follows:

Projected Demand 2000 - 2010

	Downtown Share	Northwest Quadrant Share
Multifamily Residential		
Luxury	40 – 60 Units	0 Units
High Amenity`	160 – 240	100 – 150
Basic	60 – 90	30 – 45
Total	260 – 390	130 – 195
Retail		
Neighborhood Center	50,000 – 75,000 SF	50,000 – 75,000 SF
Strip/Stand-Alone	25,000 – 35,000	10,000 – 20,000
Specialty	0	0
Mixed Use	20,000 – 30,000	20,000 – 30,000
Total	95,000 – 140,000	80,000 – 125,000
Office		
Local Serving	36,000 – 54,000 SF	18,000 – 27,000 SF
Regional	0	0
Total	36,000 – 54,000	18,000 – 27,000

The projections do not include the demand for governmental offices, civic uses, and age or income qualified residential use. Further, a mixed use development of the scale of the proposed LakePointe project would create additional demand for each use beyond that forecast above, and change the balance among segments.

II. ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

The demand for various land uses in Kenmore is directly related to its current and future economy and population. These factors are presented in this section as background for the analysis of the individual land uses in subsequent sections.

POPULATION

Population levels and trends are considered for the City, its surrounding trade area, and the region as a whole.

REGIONAL OVERVIEW

The Puget Sound Region is defined generally as Seattle and its surrounding counties, and specifically as the Seattle Consolidated Metropolitan Statistical Area (CMSA). The CMSA contains six counties - King, Pierce, Snohomish, Kitsap, Island, and Thurston counties. The four larger counties are members of the Puget Sound Regional Council (PSRC) and are the subject of extensive economic modeling and forecasting. For the purpose of this section, the four-county area is considered to be the greater Seattle region.

The economic base of this region is dominated by aerospace, forest products, defense, and international trade. Software, biotechnology, telecommunications, services, and tourism are increasingly important sectors. While The Boeing Company remains the largest employer in the state, the economy has diversified extensively over the past two decades, and the state's economy continued to grow in spite of large cuts in Boeing employment at the beginning of the 1990s. While the economy of the region is experiencing the same slowdown as the rest of the country, the long term outlook is strong.

The historical and projected levels of population and employment are summarized in Table II-1.

Table II-1
Puget Sound Region
Projected Population and Employment Growth

	1990	2000	2010	2020	<u>Average</u> 1990-2000	<u>Annual</u> 2000-2010	<u>Growth</u> 2010-2020
Regional Population (000's)							
Puget Sound Region	2,749	3,342	3,803	4,263	2.0%	1.3%	1.2%
King County	1,507	1,755	1,932	2,132	1.5	1.0	1.0
Eastside King County	516	554	603	657	1.9	1.0	1.1
Shoreline	66	72	74	75	1.8	0.3	0.1
Regional Employment (000's)							
Puget Sound Region	1,445	1,799	2,075	2,261	2.2%	1.4%	0.9%
King County	973	1,176	1,347	1,456	1.9	1.4	0.7
Eastside King County	470	527	608	647	1.2	1.4	0.6
Shoreline	19	20	21	23	0.5	0.5	1.0

Source: Puget Sound Regional Council

As shown, the population of the four-county region was 3.3 million in 2000 and is projected to reach 4.3 million by the year 2020. The population of King County represented approximately 55 percent of the regional population in 1990, but that share is projected to drop to 50 percent by 2020. King County's share of jobs exceeds its share of population, with 67 percent of regional jobs located in King County in 1990. The share is expected to decline to 64 percent by 2020.

Kenmore is located on the boundary between the subareas of Shoreline and Eastside King County as defined by PSRC. As shown, the Shoreline area will grow somewhat slowly as it reaches its physical capacity, but the Eastside is projected to grow at a rate faster than the County as a whole.

CITY OF KENMORE

The City of Kenmore has an estimated population as of April 2001 of 18,790. As shown in Table II-2, this represents a modest increase over the 2000 Census population of 18,678. The 1999 figure shown was only an estimate and is likely not as accurate as the Census figure for 2000. There were no estimates in prior years as the City was originally incorporated in 1998.

Table II-2

City of Kenmore Population and Housing Units

	1999	2000	2001
Population ¹	17,168	18,678	18,790
Housing Units ²	7,072	7,562 ⁴	7,623
Multifamily Housing Units ³	1,549	1,595	

1. 2000 from US Census. 1999 and 2001 are OFM estimates.

2. 2000 from US Census. 2001 OFM estimates. 1999 estimates from King County Annual Growth Report.

3. From King County Annual Growth Report.

4. King County Annual Growth Report estimate is 7,153.

The housing unit figures shown in the table reflect the same inconsistencies between Census data and prior estimates. As shown, the Census figure of 7,562 housing units exceeds the estimate of 7,153 reported in the King County Annual Growth Report.

KENMORE MARKET AREA

The City of Kenmore has the potential to provide retail goods and services for an area beyond its own boundaries. The market area for any commercial district is determined by several factors:

- Distance to surrounding population.
- Natural boundaries and impediments to travel.
- Transportation links.
- Competing development.
- Scope of existing development in the district.

The projected market area for Kenmore lies within an approximate 3 mile radius around the City Center as shown in the map on the following page. The area extends west to approximately I-5; south into Lake City; north into Snohomish County; and east to Woodinville. The existence of regional commercial centers largely determines these boundaries.

The population and housing units estimates with this trade area are shown for PSRC forecast analysis zones in Table II-4. Zone 5535 approximates the boundaries of the City itself.

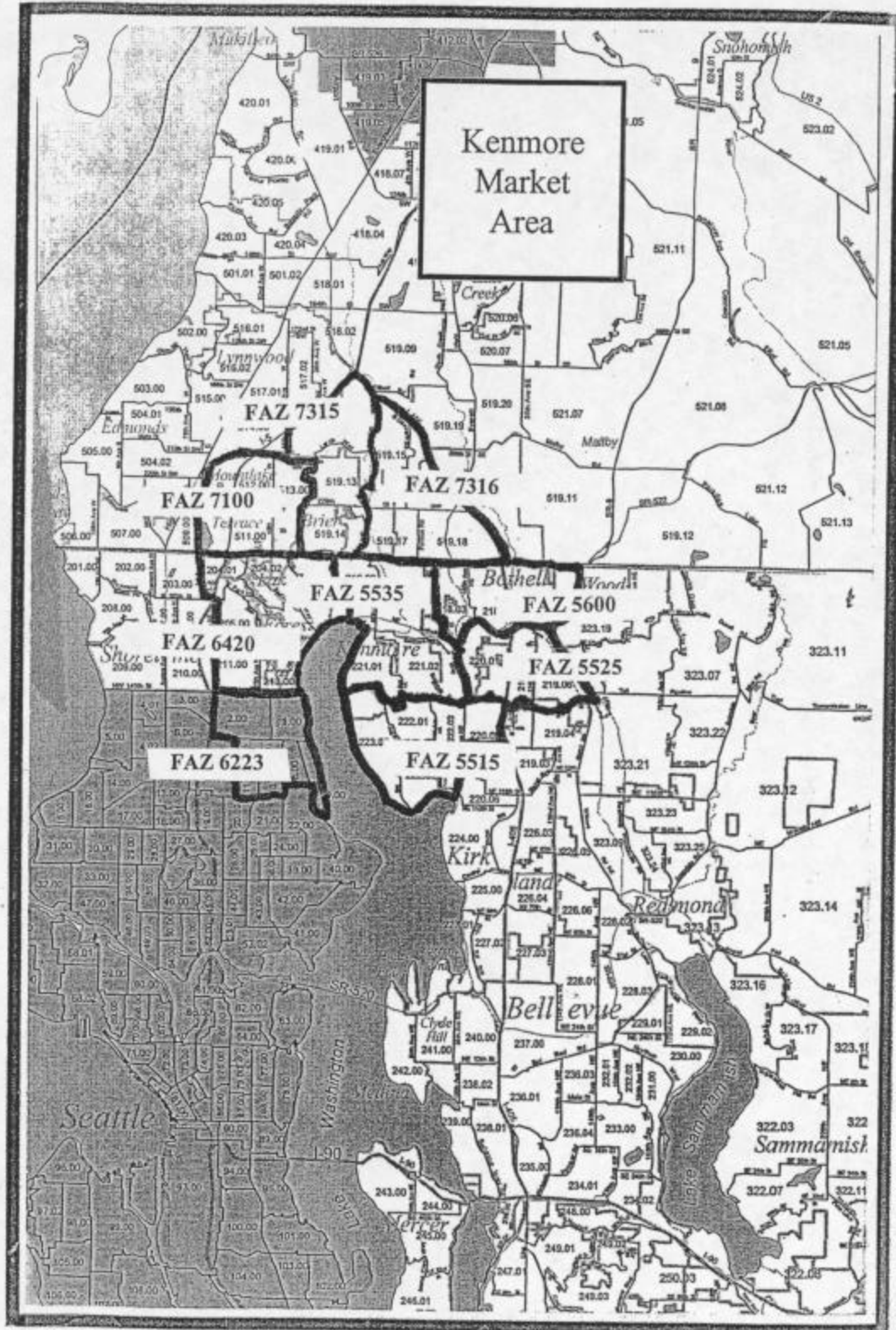


Table II-3

**PSRC Population and Household Projections
Kenmore and Surrounding Market Area**

Population

	FAZ	1990	2000	2010	2020
Kenmore	5535	16,551	20,540	21,163	22,478
Juanita/Finn Hill	5515	23,363	25,860	26,252	26,760
Norway Hill/North Kingsgate	5525	9,335	12,226	13,825	14,834
Bothell	5600	10,552	12,999	14,430	15,514
Lake City	6223	23,317	24,774	26,100	27,163
North City	6420	31,191	35,064	36,161	36,684
Mountlake Terrace	7100	19,278	22,117	23,912	27,594
Brier	7315	14,148	16,933	21,738	27,173
Hilltop	7316	15,061	19,088	24,557	26,322
Total		162,796	189,601	208,138	224,522

Households

	FAZ	1990	2000	2010	2020
Kenmore	5535	6,242	8,065	8,750	9,353
Juanita/Finn Hill	5515	8,371	9,650	10,315	10,565
Norway Hill/North Kingsgate	5525	3,397	4,635	5,525	5,964
Bothell	5600	4,110	5,277	6,158	6,658
Lake City	6223	10,659	11,765	12,983	13,610
North City	6420	11,801	13,838	14,936	15,136
Mountlake Terrace	7100	7,410	8,730	9,805	11,232
Brier	7315	4,848	5,972	7,997	9,930
Hilltop	7316	5,077	6,638	8,918	9,491
Total		61,915	74,570	85,387	91,939

Multi-family Households

	FAZ	1990	2000	2010	2020
Kenmore	5535	1,367	2,160	2,386	2,463
Juanita/Finn Hill	5515	2,083	2,691	2,968	2,988
Norway Hill/North Kingsgate	5525	793	1,250	1,489	1,554
Bothell	5600	1,217	1,967	2,628	2,818
Lake City	6223	3,897	4,812	6,079	6,121
North City	6420	2,495	3,358	3,885	4,001
Mountlake Terrace	7100	2,578	3,615	4,354	4,861
Brier	7315	658	961	1,546	1,604
Hilltop	7316	141	592	1,120	1,149
Total		15,229	21,406	26,455	27,559

Source: Puget Sound Regional Council, *Population and Employment Forecast Report*, 1999.

As shown, the population of the market area is approximately 190,000 in the year 2000. The entire area is projected to grow by 18.4 percent over the next two decades. Kenmore itself is projected to grow at only one-half that rate. The fastest growing areas are Brier and Hilltop in Snohomish County.

Housing units in the area are projected to grow by 23 percent. The ratio of population to housing units will decline over the period.

Multifamily housing units in the area are projected to grow 29 percent over the period. Multifamily units as a percentage of total housing units is projected to increase from 28 percent to 29 percent.

EMPLOYMENT

There were an estimated 4,500 jobs in Kenmore in 1999 as shown in Table II-4. This represents approximately 0.26 jobs per capita. In comparison, King County as a whole had approximately 0.64 jobs per capita. Surrounding communities of Woodinville, Bothell, Kirkland and Lake Forest Park show the following factors.

Woodinville	0.96 jobs per capita
Bothell	0.61
Kirkland	0.75
Lake Forest Park	0.10
Shoreline	0.29

As shown above, only Lake Forest Park has a lower factor than Kenmore. Generally, Kenmore still serves as a bedroom community for surrounding employment centers.

Table II-4

Employment in the City of Kenmore (1999)

Industry/Trade	No. Employed
Construction and Resources (Mining, Forestry)	560
FIRES (Finance, Insurance, Real Estate, Services)	1,440
Manufacturing	268
Retail	925
WTCU (Wholesale trade, Transportation, Communication, Utilities)	784
Education	356
Government	139
Total	4,472

Source: 1999 Puget Sound Regional Council information obtained from the Washington State Employment Security Department

Major businesses in the City are shown in Table II-5.

Table II-5
Characteristics of Major Kenmore Businesses

Company	Employees/Revenues	
	No. of Companies	Description
<u>Top Private Employers – By Number of Employees</u>		
Bastyr University	400	Education
Kenmore Air Harbor	125	Airline
American Bowling, Inc.	68	Bowling Alley
Plywood Supply	67	Lumber
Jolly Construction	61	Residential Construction
Ed's Bulldozing	50	Construction
Kenmore Beachhouse	50	Restaurant
<u>Top Private Companies Ranked by Sales Revenues (Millions)</u>		
North Pacific Funding Corp.	\$84M	Leasing
Kenmore Pre-Mix (Arlington Sand and Gravel)	\$50M	Ready Mix Concrete
Nelbro Packing	\$40M	Fish Cannery
Ckc Corp.	\$34M	Leasing
Plywood Supply Inc.	\$29M	Lumber
James G. Murphy Co., Inc.	\$25M	Auctioneers
Bastyr University	\$13M	University
Safeway, Inc.	\$11M	Retail Groceries
Kenmore Air Harbor	\$9M	Airline
Fruhling Inc.	\$7M	Excavation Contractor
<u>Number and Type of Kenmore Private Businesses</u>		
Automotive Services	22	
Commercial/Industrial/Warehouse	32	
Eating & Drinking Establishments	31	
Entertainment businesses	5	
Financial Services	12	
Grocery, Convenience, Gasoline	9	
Hotel/Motel Businesses	2	
Personal Services	11	
Professional Services	31	
Retail Businesses	49	
<u>Government Headquarters Employees</u>		
City of Kenmore	13 (plus 4 contract)	
Northshore Utility District	55	
Northshore Fire District 16	39	

Source: Washington State Department of Revenue, reported in *Draft Kenmore Library Service Needs Assessment*, 1999

As shown, the two largest businesses in the City are Bastyr University and Kenmore Air Harbor. The prominence of these private businesses is unusual for a community the size of Kenmore. In many such communities, the largest employers are major retail stores and the local school district.

While the Finance, Insurance, Real Estate, Services sector is the largest sector in aggregate, there are no major employers within the sector. Most such businesses are small and serve the local population. There are no major office headquarters for businesses serving a larger region.

INCOME

Figures for household income for the larger region were estimated by PSRC for 1997. Figures are available at the Census tract, forecast analysis zone, and county level. Figures for Puget Sound counties are summarized in the following table.

Table II-6
Household Income Estimates – 1997
By County

	Median	Average
King	\$57,282	\$71,571
Kitsap	42,479	52,519
Pierce	44,741	53,047
Snohomish	51,597	60,073
Region	52,335	64,499

Source: Puget Sound Regional Council, 1997 Household Income Preliminary Estimates

The Census Tract data can be aggregated to Forecast Analysis Zones for the Kenmore market area. The average household income can be calculated from the detailed data. The median household income is an approximation.

Table II-7

**Household Income Estimates
Kenmore Market Area – 1997**

FAZ	Name	Median ¹	Average
5535	Kenmore	\$70,000	\$81,156
5515	Juanita/Finn Hill	75,000	83,931
5525	Norway Hill/North Kingsgate	70,000	74,505
5600	Bothell	57,000	65,601
6223	Lake City	55,000	64,067
6420	North City	60,000	74,867
7100	Mountlake Terrace	48,000	53,699
7315	Brier	58,000	64,820
7316	Hill Top	60,000	63,161
	Total	\$62,000	\$70,044

Source: Puget Sound Regional Council, 1997 Household Income Preliminary Estimate
Property Counselors

1 Approximated

As shown, Kenmore and the Juanita/Finn Hill area to the south show the highest average and estimated median household incomes in the market area. In turn, the market area has higher income levels than the region as a whole.

III. RESIDENTIAL DEMAND

Residential demand has been strong throughout the Puget Sound region, as the economy has attracted new workers and households. Residential development is an important use in its own right, but also creates demand for other uses as well. Residential demand is presented in this section in terms of:

Overview

Rental Apartments

Condominiums

Projected Demand

OVERVIEW

The relationship between mix of unit types and housing trends is obscured somewhat by the lack of consistent data. Because the City is only 3 years old, there is no long term consistent set of housing unit estimates. While the 2000 Census has provided a recent count of total housing units, the break-out by unit type is not yet available.

Total Housing Units: As shown in previous Table II-2, the Census figure identifies 7,562 housing units in 2000. Using that as a starting point, the Washington State Office of Financial Management estimates the 2001 count to be 7,623. The estimated housing unit figure prior to the Census count was significantly lower at 7,153.

Multifamily Units – The only estimates were prepared prior to the Census count and were 1,549 in 1999, and 1,595 in 2000. Given that these estimates are from the same source as the total housing unit estimates, they are likely to be understated. In fact, King County Assessor data shows over 2,000 units as shown in Table III-1.

Despite these inconsistencies, it is possible to make the following observations:

- Multifamily units represent approximately 22 to 26 percent of total units.
- Condominiums represent approximately 20 percent of multifamily units.
- There are no data available to show how these figures have changed over time.

At the County level, comparable relationships are as follows:

- Multifamily units make up about 38 percent of total housing units at the present time compared to the estimated 22 to 26 percent in Kenmore.

- In King County, condominium units make up about 21 percent of multifamily units compared to the estimated 20 percent in Kenmore.
- Over one-half the housing units built in King County over the past decade have been multifamily.

Table III-1
City of Kenmore
Multifamily Land Use

	Projects	Units
Condominiums	18	380
Duplexes	31	62
Triplexes	5	15
Fourplexes	22	88
Income Assisted	5	266
Apartments 5 or More Units	28	1,192
Total		2,003

Source: King County Assessors Records

RENTAL APARTMENTS

OCCUPANCY AND RENTAL RATE COMPARISONS

Apartment market conditions can be compared across the region using data from the Apartment Vacancy Report published by Dupre + Scott. Kenmore is included within the Bothell market area. The occupancy rates and rental rates for the Bothell area are compared to comparable figures in surrounding market areas in Table III-2. As shown, the overall vacancy rate in the area is 4.2 percent. The average rental rate is \$847 per month. Vacancies vary by unit size according to supply and demand conditions. Generally, 1 bedroom units are the most common unit types, followed by 2 bedroom/2 bath, 2 bedroom/1 bath, and studios. Average rents are almost always higher for larger units. On a per square foot basis, however, the smallest units are the most expensive. One exception to this relationship is the pattern for 3 bedroom units. In many cases, the 3 bedroom units are only available in the higher end projects, so average rents for this unit type are higher.

Generally, vacancy rates in the Bothell area are at the low end of the range for the communities shown. Rates are higher in Bothell than in Shoreline, North Seattle, and Mountlake Terrace, but lower than those in the communities of the Eastside.

Table III-2
Apartment Market Conditions – Selected Communities
Fall 2001

	Bothell	Shoreline	Kirkland	Bellevue West	North Seattle	Juanita	Woodinville/ Totem Lake	Edmonds	Lynnwood	Mountlake Terrace
Vacancy Rate										
Studio	0.0%	1.1%	3.2%	4.7%	0.8%	4.0%		0.8%	3.2%	
1 BR	2.7	5.4	4.7	4.5	3.8	3.5	4.4	3.8	5.3	4.0
2 BR/1 BA	5.6	3.3	4.1	12.6	3.4	5.1	6.6	4.7	4.3	5.1
2 BR/2 BA	6.3	2.9	6.7	8.5	2.7	5.0	4.6	7.0	5.2	4.3
3 BR/2 BA	4.4	5.1	12.4	11.1	1.2	6.8	6.8	1.4	4.9	2.1
All	4.2	4.1	5.9	7.0	3.4	4.8	5.2	4.3	5.0	4.2
Actual Rent/Mo.										
Studio	\$617	\$546	\$861	\$868	\$579	\$714		\$599	\$528	
1 BR	729	696	1,013	1,062	708	814	764	657	667	691
2 BR/1 BA	857	837	1,106	1,182	859	920	876	781	758	808
2 BR/2 BA	963	911	1,497	1,426	934	1,026	955	838	894	906
3 BR/2 BA	1,207	1,143	1,506	1,721	1,171	1,365	1,139	1,077	1,044	1,103
All	847	780	1,249	1,214	779	976	860	729	793	810
Actual Rent/SF/Mo.										
Studio	\$1.228	\$1.205	\$1.415	\$1.634	\$1.281	\$1.547		\$1.325	\$1.176	
1 BR	1.028	0.998	1.375	1.638	1.063	1.157	1.116	0.924	0.995	1.000
2 BR/1 BA	0.938	0.892	1.259	1.312	0.999	1.017	1.010	0.875	0.848	1.895
2 BR/2 BA	0.910	0.874	1.395	1.261	0.997	1.001	0.977	0.774	0.836	0.927
3 BR/2 BA	0.999	0.813	1.705	1.169	1.015	1.098	0.968	0.908	0.847	0.905
All	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Dupre + Scott, *Apartment Vacancy Report*, Fall 2001

Table III-3 shows trends in conditions in the Bothell submarket area over the past five years. Vacancy rates fluctuate as new product enters the market. The current vacancy rate is higher than the five year average. That is still low in comparison to a typical target vacancy rate of 5 percent. The average rent has increased steadily over the period at an average rate of 3.8 percent. This rate exceeds the average inflation rate of approximately 2 percent over the period.

Table III-3
Apartment Market Trends
Bothell Area

	Vacancy Rate	Average Monthly Rent
Fall 1997	3.8%	\$731
Fall 1998	3.0	786
Fall 1999	4.6	807
Fall 2000	3.1	840
Fall 2001	4.2	847
Average	3.5	793
Average Annual Growth Rate of Rents		3.8%

Source: Dupre + Scott, *Apartment Vacancy Report*

CURRENT INVENTORY

The characteristics of existing apartments in Kenmore are summarized in Table III-4. Several observations are worthy of note.

- There are several distinct periods of apartment construction; 1966 – 1969, 1986 – 1989, and 1994 – 1995. These periods correspond to the economic peaks within the region.
- The newest major project in the City is the Trail Walk Apartments opened in 1995, on NE 175th across from the Burke Gilman Trail. Rents are \$1.15 - \$1.30 per square foot per month. These rates compare favorably with rates at newer projects in surrounding communities.
- Vacancy rates are low, with most projects reporting that vacated units are quickly re-leased.

Table III-4
City of Kenmore
Characteristics of Selected Market Rate Apartments

Name	Address	Units	Year Built	Unit Size	Rent	Features*
Trail Walk	7637 NE 175 th	180	1995	1 BR 738 2 BR 807	1 BR \$855+ 2 BR \$1,079+	A, B, D, E, F, G
Kenmore Estates	18900 – 68 th NE	163	1978		1 BR \$695+ 2 BR \$815+	B, E, F, G, H
Inglewood Forest	16614 Juanita Dr. NE	86	1986	1 BR 915 2 BR 1,200	\$850 \$950	B, D, E, G
Coventry Place	6700 NE 182 nd	96	1989	1 BR 649 2 BR 1,003	\$685 \$875	A, B, D, F, G
Northshore Highland	17512 – 83 rd Pl. NE	78	1990			
Cedar Park	7512 NE Bothell Way	75	1988			
River Walk	18240 – 73 rd NE	72	1987			
Kenmore Village	17620 – 80 th NE	58	1986	1 BR 650 2 BR 750	\$645 \$765	D
Riverbend	17625 – 80 th NE	52	1968	1 BR 750 2 BR 1,050	\$700 \$825	H
Fairway View	16720 Juanita Dr. NE	53	1986	1 BR 635 2 BR 800	\$700 \$795	D, E
Sammamish River Manor	7345 NE 175 th	36	1995	1 BR 725 2 BR 970	\$625 \$840	A, D
Sunridge	18241 – 73 rd NE	30	1988	1 BR 750 2 BR 940	\$640 \$740	H

Table III-4 (cont)
City of Kenmore
Characteristics of Selected Market Rate Apartments

Name	Address	Units	Year Built	Unit Size	Rent	Features*
73 rd Ave. Apt.	18235 – 73 rd NE	30	1986			
Ken Mar	8044 NE Bothell Way	25	1967			
Crestwood		24	1969			
Cambridge Arms	6505 NE 182 nd	18	1966			
18223 – 73 rd NE		18	1994			
		1,094				

* A. Covered Parking C. Indoor Pool E. Fireplace G. Sauna or Spa
 B. Pool D. Washer/Dryer F. Fitness Room H. Laundry Room

Source: King County Assessors Records
 Property Counselors

- The Trail Walk is the only project offering underbuilding parking although some projects offer covered parking for a monthly fee. Other newer units provide amenities such as fireplaces and washer/dryers in the units. Relatively few projects offer swimming pools or fitness facilities.

In addition to the market rate facilities, there are several facilities available for residents qualifying according to income or age. Five facilities are shown in Table III-5.

- Heron Landing and Heron Run are new projects on NE 182nd for seniors and families, respectively. The projects were financed with interest rate subsidies, and residents must have incomes below 80 percent of median County income. Heron Landing is fully rented while Heron Run is still under construction.
- Regent House at Northshore is an assisted living facility. It is currently a private pay facility.
- The other three projects are owned by King County Housing Authority.

There are additional market rate projects either under construction or in the permit process.

- Arrowhead Vista on Juanita Drive – 30 units under construction.
- 71st Avenue Apartments – 104 units in permit process.

There are also permit applications for four rental projects with a total of 38 units.

LakePointe, a major mixed use development on Lake Washington west of Juanita Drive has master plan approval for 1,200 housing units. Buildout is projected to occur in phases over a 10 year period, although that is subject to change depending on market conditions. The first phase of construction could begin in the summer of 2002, and would likely consist of multifamily housing.

Table III-5
City of Kenmore
Age-Income Qualified Housing

Name	Address	Units	Year Built	Programs
Heron Landing	NE 182 nd	51	2001	Senior Housing, Income Limits
Heron Run	NE 182 nd	46	2001	Family Housing, Income Limits
Regent Northshore	7221 NE 182 nd	92	1998	Assisted Living, Private Pay
18128 – 73 rd NE		34	1983	King County Housing Authority, Income Limits
7644 NE Bothell Way		16	1983	King County Housing Authority, Income Limits
Greenleaf Apts.	16710 Juanita Dr.	27	1986	King County Housing Authority, Income Limits
		<u>266</u>		

Source: King County Assessors Records
Property Counselors

CONDOMINIUMS

Condominiums are multifamily housing units which are available for sale rather than rent. Condominium sales data for the region as a whole are summarized in Table III-6. As shown, average sale prices are highest in Downtown and other areas of Seattle followed by East Lake Washington. Sales prices exceed \$200 per square foot on average in these areas. In Kirkland, for example, several of the new condominium projects Downtown are achieving prices of \$400 per square foot. Property Dynamics, who collect the data, reports the following trends:

- There are few two bedroom units with one bath (mostly conversions), and for the most part two bedroom units have two bathrooms.
- There is a continuing trend away from one bedroom units in the suburban markets coupled with a heavier emphasis on three bedroom units. However, in the City of Seattle, one bedroom units are still selling at a good pace.
- There are many new condominium developments farther away from the Seattle/Bellevue area, with new projects being built in the Issaquah, Sammamish Plateau, and Snoqualmie Ridge areas in King County, and from Marysville north in Snohomish County.

There are 380 condominium units in 18 projects in Kenmore according to King County Assessor records as of September 2001. Those have been developed at a fairly even pace over the past 30 years.

Year Built	Units
1969 – 1975	43
1976 – 1980	75
1981 – 1985	62
1986 – 1990	31
1991 – 1995	67
1996 – 2001	102
	<hr/> 380

The characteristics of the 18 projects are summarized in Table III-7.

Table III-6
Condominium Sales Trends in King, Pierce and Snohomish Counties

Location	<u>One Bedroom</u>			<u>Two Bedroom</u>			<u>Three Bedroom</u>		
	Average Sales Price	Average Sq. Ft.	Average P.S.F.	Average Sales Price	Average Sq. Ft.	Average P.S.F.	Average Sales Price	Average Sq. Ft.	Average P.S.F.
Downtown Seattle	\$287,000	669	\$353	\$408,000	1,344	\$374	Insufficient Sample		
Seattle (Not Downtown)	217,000	694	287	292,000	1,100	291	372,000	1,414	315
East Lake Washington	170,000	773	249	236,000	1,244	199	283,000	1,773	169
South King County	110,000	793	143	153,000	1,158	137	192,000	1,277	135
Snohomish County	144,000	847	174	176,000	1,134	150	194,000	1,494	136
Pierce County	Insufficient Sample			138,000	1,031	123	141,000	1,444	103

Source: Property Dynamics, April 2001

Table III-7
City of Kenmore
Summary of Characteristics of Existing Condominiums

	Name	Address		Year Built	Square Foot	Current Prices	Price/SF
1	Canterbury	15929 - 67 th Lane	36	1991	1,500 – 1,800	\$180,000 - \$215,000	\$120
2	Cedar Lane	16905 – 70 th NE	11	1990	1,100 – 1,300	\$170,000 - \$180,000	\$140
3	Compass Pointe	6100 NE 181 st	8	1998	900 – 1,400	\$167,000 - \$225,000	\$160
4	Harbor Villa	7217 NE 175 th	43	1969	600 – 850	\$55,000 - \$75,000	\$90
5	Harbor Village	6101 NE 175 th	36	1982	1,300 – 2,000	\$225,000 - \$450,000	\$225
6	Inglewood Heights	6835 NE 153 rd Pl.	10	1990		\$95,000	\$100
7	Inglewood Shores	16933 Inglewood Road	75	1979	1,300 – 2,300	\$205,000 - \$400,000	\$175
8	Inglewood Village #3	17001 Inglewood Road	14	1985	1,000 – 1,300	\$120,000 - \$160,000	\$200
9	Kenmore Park Condo	19616 – 61 st Pl. NE	6	1985	1,300 – 1,400	\$180,000 - \$200,000	\$140
10	Lakewood Condo	7223 NE 175 th	16	1992	800 – 1,100	\$85,000 - \$130,000	\$120
11	Marina Cove	6125 NE 175 th	33	2000		\$220,000 - \$330,000	\$160
12	Northlake 2	18521 – 68 th NE	10	1992	800 – 1,300	\$100,000 - \$155,000	\$120
13	Northlake View	6303 NE 181 st	6	1984	900 – 2,000	\$160,000 - \$200,000	
14	Parkside	18210 – 73 rd Ave. NE	15	1992	900 – 1,400	\$110,000 - \$130,000	\$100
15	Pendleton	17827 – 80 th Ave. NE	19	1998	1,300 – 1,400	\$150,000 - \$190,000	\$135
16	Rose Garden	17908 - 80 th Ave. NE	13	1996	1,400 – 1,600	\$150,000 - \$220,000	\$140
17	Sun Vista at Lakepoint	6401 NE 181 st	8	1998	1,200 – 1,600	\$225,000 - \$300,000	\$190
18	Waterford Square	6831 NE 170 th	21	1998	1,100 – 1,300	\$170,800 - \$210,000	\$160
			380				

Source: King County Assessor Records
Property Counselors

- The most expensive units are those with waterfront sites such as Inglewood Shores, Marina Cove, and Harbor Village; and those with excellent views such as Sun Vista at Lakepoint and Compass Pointe, both on NE 181st.
- The highest price paid for a unit is \$450,000 at Harbor Village and \$400,000 at Inglewood Shores. On a per square foot basis, the highest prices are in the same projects at \$225 and \$200 respectively.
- The available units generally fall within one of two size categories. Smaller units of 800 – 1,200 square feet, and larger units of 1,300 to 2,000 square feet. While there are ranges of unit sizes in projects of all ages, generally the newer projects have larger units.

There are two new condominiums which are complete but not yet on the tax records.

Emily Lane Condos on 68 th Ave. NE at NE 190 th	24 Units
Stonehaven Townhouses on 182 nd at 73 rd NE	8 Units

There are two additional condominium projects in the permit process:

Auria Townhouses	34 Units
Hughes Townhouses	8 Units

PROJECTED DEMAND

There are several policy issues that must be separated from market issues in projecting future demand for multifamily units.

- The King County County-wide Planning Policies household growth target range for Kenmore for the 20 year period 1992 – 2012 is 974 to 1,190. This range is equivalent to 50 to 60 units per year. If multifamily units represent the historic average share of 25 percent, the multifamily absorption would be 13 to 15 multifamily units per year.
- Similarly the PSRC multifamily housing projects for FAZ 5535 (an area approximately the same as Kenmore) show an increase of 303 units over the 20 year period 2000 to 2020, an increase of 15 units per year.
- The Kenmore Comprehensive Plan includes a land use element which provides capacity for an additional 4,216 multifamily units over 20 years, sufficient to accommodate over 200 new units per year.

From a policy perspective, Kenmore's share of regional growth in multifamily units is very modest. The City has a physical and zoning capacity much greater than this target level of development.

From a market perspective, the level of demand could greatly exceed this target level. Based on the numbers of market rate apartments and condominiums built over the past two decades, the historic pace of development can be estimated as:

	1980 – 1989	1990 – 1999	1980 – 1999
Condominiums	93	169	262
Apartments	578	234	812
Total Units	671	403	1,074
Units per Year	67	40	54

Since there is only nominal vacancy in existing projects, the pace of development is approximately equal to the pace of absorption.

There are no obvious reasons why this rate of absorption should not continue.

- There is adequate capacity within the City to accommodate this level of growth.
- Population growth in the region should continue at historic levels in absolute terms, if not percentage terms.
- With increasing traffic congestion in the region, close-in areas may experience a resurgence of housing demand; distant areas will be somewhat less popular, and first-tier suburban communities will likely maintain their current population.
- Given the increasing gap between average price and housing affordability, multifamily's share of total units will continue to increase.

In light of these conditions, we project market rate multifamily housing demand in Kenmore to continue at historic rates of 40 to 60 units per year. This rate assumes that Kenmore will maintain its competitive position in the region. A unique project such as LakePointe would shift the competitive balance and result in more demand, particularly at the upper end of the market.

We estimate that condominiums will represent 30 percent of new multifamily units, higher than the current average, but less than the 40 percent share in the 1990's. Accordingly, the projected demand can be summarized as follows:

	2000 – 2010	2010 – 2020
Condominiums	120 – 180	120 – 180
Apartment	280 – 420	280 – 420
	400 – 600	400 - 600

The likely market segments and their financial performance are as follows:

			Apartment Rent	Condo Price
Luxury:	Large Unit	Waterfront and/or Views	\$1.50/SF and up	\$250
High Amenity:	Moderate to Large	On-Site and Nearby Amenities	\$1.25 - \$1.50	\$175 - \$200
Affordable:	Small to Moderate	Basic	\$1.00 - \$1.15	\$150

In addition there will be demand for age and income qualified housing projects. Development of these uses will be determined as much or more by availability of housing subsidies as by demand or need.

IV. RETAIL DEMAND

The potential for additional retail development in Kenmore will be related to growth in the market and the City's ability to capture additional retail sales. In particular, potential demand will be determined by total market area spending, the City's competitive position, and its resultant market share. The contribution of these factors is considered and quantified in this section. The conclusions are not intended to be a forecast of future development, rather an estimate of what could occur under a set of assumptions and actions. The demand projections are presented in the following subsections:

Overview of Retail Development

Retail Mix and Trends

Retail Performance

Retail Inventory

Projected Demand

OVERVIEW OF RETAIL DEVELOPMENT

TYPES OF RETAIL DEVELOPMENT

Retail development occurs either in a stand-alone building or in a shopping center. Shopping centers fall into several categories, which differ according to the number and type of stores, the amount of space and site area, and the size of the market area they serve, both in terms of population and distance. Table IV-1 summarizes the characteristics of the major types of shopping centers.

The characteristics of existing development in Kenmore are typical of neighborhood and strip retail centers. The major stores are grocery and drug stores. The market area identified for Kenmore in Section II is typical of the area served by a community scale center in terms of distance, and a regional center in terms of population.

Specialty centers are collections of smaller specialty retailers with an overriding theme, Gilman Village in Issaquah is an example of such a center. Kenmore has the potential to accommodate a specialty center if it can capitalize on its unique assets such as its waterfront setting.

**Table IV-1
Types of Shopping Centers**

Neighborhood Shopping Center Anchors Supermarket and drug store Number of Stores 10-40 stores Total Retail Space 30,000-100,000 square feet Site Area 3-10 acres Market Area Population 10,000-30,000 people Market Area Radius 1-3 miles	Off-Price Center Anchors Off-price/discount store Number of Stores 20-60 Total Retail Space 100,000-500,000 square feet Site Area 5-15 acres Market Area Population 80,000-250,000 people Market Area Radius 6-15 miles
Community Shopping Center Anchors Junior department or discount store Number of Stores 25-80 stores Total Retail Space 100,000-450,000 square feet Site Area 10-30 acres Market Area Population 30,000-75,000 people Market Area Radius 3-8 miles	Specialty Center Anchors Specialty/theme retailer(s) Number of Stores varies widely Total Retail Space varies widely Site Area varies widely Market Area Population varies widely Market Area Radius varies widely
Regional Shopping Center Anchors 1 or 2 full-line department stores Number of Stores 50-100 stores Total Retail Space 300,000-750,000 square feet Site Area 30-50 acres Market Area Population 100,000-250,000 people Market Area Radius 8-15 miles	Outlet Center Anchors Manufacturer's outlet stores Number of Stores 30-100 stores Total Retail Space 200,000-800,000 square feet Site Area 20-50 acres Market Area Population 200,000-600,000 people Market Area Radius over 50 miles
Super-Regional Shopping Center Anchors 3 or more full-line department stores Number of Stores 100-300 stores Total Retail Space 600,000-2,000,000 square feet Site Area 40-100 acres Market Area Population 250,000-600,000 people Market Area Radius 12-50 miles	Power Center Anchors Large warehouse/discount retailers Number of Stores 10-20 stores (mainly large retailers) Total Retail Space 250,000-800,000 square feet Site Area 20-50 acres Market Area Population 250,000-500,000 people Market Area Radius 12-50 miles
Strip Retail Center Anchors Convenience Grocery Number of Stores 3-20 stores Total Retail Space 10,000-30,000 square feet Site Area 1-3 acres Market Area Population under 20,000 people Market Area Radius under 2 miles	Sources: Urban Land Institute, Dollars and Cents of Shopping Centers Property Counselors

REGIONAL DEVELOPMENT

King and Snohomish Counties can be divided into several large market areas or districts based on the current distribution of major retail centers and their surrounding development. The figure on the following page summarizes the location of the major existing centers. The common location for these centers is along major highways. The most dominant centers are those along I-5, I-405, and I-90. There are emerging centers at the edge of the urbanized area in Woodinville, Redmond, and Issaquah. Woodinville and Redmond are located on major state highways.

Kenmore is located on SR-522, a major State highway. However, it is somewhat distant from the interstate highways, and within the natural trade areas for established regional centers.

REGIONAL MARKET CONDITIONS

Current market conditions in the region are indicated by the regular market reports of organizations such as CB Richard Ellis. Rent and vacancy conditions as of the second quarter 2001 are summarized by subarea and center type in Table IV-2. Vacancy rates are less than 5 percent for all center types in all areas, indicating a healthy retail climate.

As shown, neighborhood centers have the lowest average rent of all centers. The neighborhood center rent of \$20 per square foot per year for the Northend can be considered a threshold value for a healthy retail center in a community like Kenmore.

RETAIL MIX AND TRENDS

The best available measure of retail activity is taxable sales data from the Washington State Department of Revenue. Table IV-3 summarizes taxable sales for 1999 and 2000, the only complete years since Kenmore's incorporation. Total sales grew at a rate of 22 percent over the period. Much of that growth is attributable to the construction sector. Retail trade grew by 12 percent. Much of that growth is attributable to the miscellaneous sector.

In absolute terms, the major retail sectors are food, gas stations, eating/drinking, and miscellaneous retail. Kenmore's reliance on these sectors is demonstrated in a comparison of the percentage make-up of the taxable sales base with that in King County as shown in Table IV-4. Kenmore's percentages in these categories are generally higher than the percentages for the County. One exception is Auto Dealer/Gas Stations. While Kenmore has several gas stations, it has no major auto dealers.

Major Retail Districts

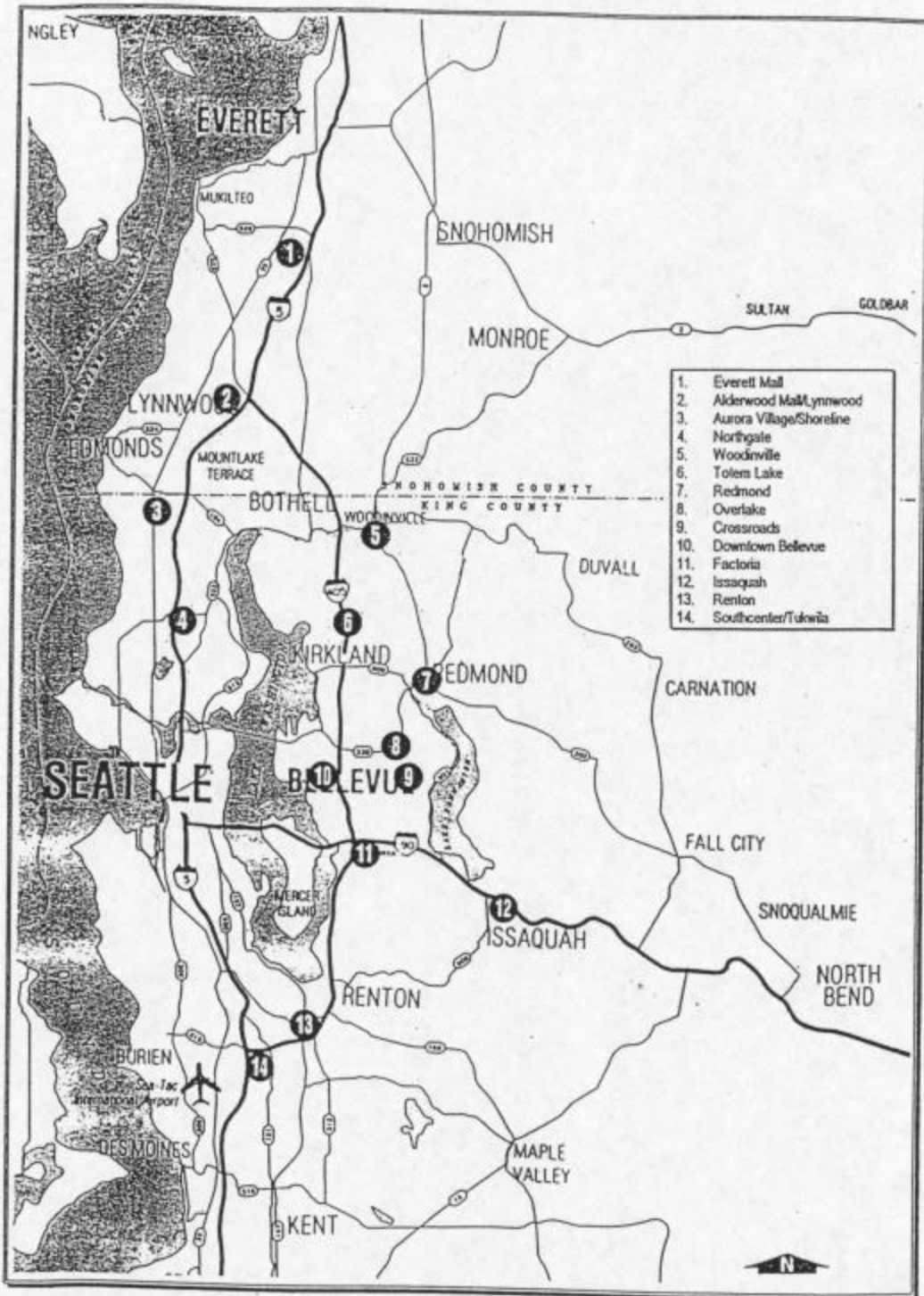


Table IV-2
Retail Market Summary
2nd Quarter 2001

	<u>Downtown</u>		<u>Northend</u>		<u>Southend</u>		<u>Eastside</u>		<u>Total</u>	
	Vacancy	Rent ¹	Vacancy	Rent ¹	Vacancy	Rent ¹	Vacancy	Rent ¹	Vacancy	Rent ¹
Neighborhood	1.5%	\$23.90	4.4%	\$20.91	4.5%	\$16.33	1.7%	\$15.00	3.6%	\$18.10
Community			2.2	19.75	3.1	16.43	1.6	22.58	2.4	18.40
Mixed Use	3.8	32.14							3.8	32.14
Power/Regional	0.9	52.50	4.3	27.34	3.3	19.31	1.8	29.70	2.9	24.05
Total	1.7	36.45	3.4	24.52	3.3	18.16	1.7	26.84	2.8	22.04

Source: CB Richard Ellis, Market Report

¹ Per square foot per year NNN (tenant pays expenses).

Table IV-3

City of Kenmore

Taxable Retail Sales Growth

SIC	CATEGORY	1999	2000	Avg. Ann. Growth
52	Building Materials/Hardware	435,552	669,058	53.6%
53	General Merchandise	0	0	
54	Food	7,170,326	6,963,549	-2.9%
55	AutoDealers/Gas Station	7,869,239	7,779,540	-1.1%
56	Apparel/Accessories	207,864	321,789	54.8%
57	Furniture/Appliances	1,816,237	1,768,738	-2.6%
58	Eating/Drinking	9,515,579	10,439,282	9.7%
59	Misc. Retail	<u>7,954,836</u>	<u>11,234,862</u>	41.2%
	Total Retail Trade	34,969,633	39,176,818	12.0%
70	Hotel/Motels	0	285,577	
72	Personal Services	514,057	898,071	74.7%
73	Business Services	10,257,733	9,608,697	-6.3%
75	Auto Repair/Services	5,046,297	6,003,545	19.0%
76-89	Other Services	<u>4,801,384</u>	<u>3,759,197</u>	-21.7%
	Total Services	20,619,471	20,555,087	-0.3%
15-17	Contracting	9,340,506	18,737,218	100.6%
19-39	Manufacturing	1,875,471	1,756,521	-6.3%
40-49	TCPU	4,283,504	5,870,031	37.0%
50-51	Wholesale Trade	15,311,474	18,317,374	19.6%
60-67	FIRE	662,791	1,321,313	99.4%
96-99	Other Business	<u>1,663,107</u>	<u>2,242,057</u>	34.8%
	Total All Industries	88,725,957	107,976,419	21.7%

Source: Washington State Department of Revenue, Quarterly Business Review

Table IV-4

**City of Kenmore vs. King County
Distribution of Taxable Receipts**

Building Materials/Hardware	0.6%	2.8%
General Merchandise	0.0%	5.0%
Food	6.4%	4.0%
AutoDealers/Gas Station	7.2%	9.7%
Apparel/Accessories	0.3%	2.9%
Furniture/Appliances	1.6%	6.3%
Eating/Drinking	9.7%	6.6%
Misc. Retail	10.4%	8.1%
Total Retail Trade	36.3%	45.4%
Hotel/Motels	0.3%	2.2%
Personal Services	0.8%	0.6%
Business Services	8.9%	5.5%
Auto Repair/Services	5.6%	3.4%
Other Services	3.5%	2.8%
Total Services	19.0%	14.5%
Contracting	17.4%	17.9%
Manufacturing	1.6%	2.6%
TCPU	5.4%	5.4%
Wholesale Trade	17.0%	11.8%
FIRE	1.2%	1.5%
Other Business	2.1%	0.9%
Total All Industries	100.0%	100.0%

Taxable sales are less than gross sales because many transactions are tax exempt. Gross sales by sector in Kenmore can be estimated by applying average factors of taxable to gross sales by sector, as derived from Statewide data. As shown in Table IV-5, approximately 63 percent of total sales are taxable, varying from 96 percent of eating drinking sales to 36 percent of food sales.

Total gross sales estimates are used for analyzing retail performance.

RETAIL PERFORMANCE

Retail performance can be measured in at least two ways: the ability to capture market area spending, and efficiency in terms of sales per square foot.

RETAIL CAPTURE ANALYSIS

The flip side of the City's capture of market area spending is the leakage of spending to surrounding communities. Leakage is defined as the loss of spending by market area residents to retail centers outside the area boundaries. Table IV-6 summarizes an analysis of leakage for the City. The analysis compares estimated City and market area resident spending with actual sales by local businesses. (This interpretation applies to retail trade and most service sector spending. In the case of hotels, spending figures should be interpreted as the level of spending which the City would be expected to attract based on its population and income.) City and market area sales are estimated using spending factors derived from State-wide sales figures for 2000. Sales are expressed in terms of sales per \$1,000 in personal income. These factors are applied to City and market area household and income estimates. The income factors presented in Section II for the City are higher than the state-wide figures.

City of Kenmore	\$81,950	Average Household Income
Kenmore Market Area	\$70,000	
State of Washington	\$77,600	

Using these factors and the PSRC population estimates, the City and market area spending figures are estimated to be \$446 million and \$3.8 billion respectively. Comparing those figures to Kenmore gross sales indicates that leakage for the City area alone is \$275 million. In terms of retail trade only, the leakage is \$163 million.

Table IV-5

**City of Kenmore
Taxable vs. Gross Retail Sales**

CATEGORY	2000 Taxable	2000 Gross	Taxable/Gross
Building Materials/Hardware	669,058	708,391	94.4%
General Merchandise	0	0	
Food	6,963,549	19,475,222	35.8%
AutoDealers/Gas Station	7,779,540	14,604,664	53.3%
Apparel/Accessories	321,789	580,121	55.5%
Furniture/Appliances	1,768,738	2,408,887	73.4%
Eating/Drinking	10,439,282	10,887,306	95.9%
Misc. Retail	<u>11,234,862</u>	<u>23,477,085</u>	47.9%
Total Retail Trade	39,176,818	72,141,675	54.3%
 Hotel/Motels	 285,577	 297,227	 96.1%
Personal Services	898,071	1,005,579	89.3%
Business Services	9,608,697	16,625,747	57.8%
Auto Repair/Services	6,003,545	6,504,395	92.3%
Other Services	<u>3,759,197</u>	<u>5,654,198</u>	66.5%
Total Services	20,555,087	30,087,145	68.3%
 Contracting	 18,737,218	 22,680,402	 82.6%
Manufacturing	1,756,521	5,243,650	33.5%
TCPU	5,870,031	8,483,965	69.2%
Wholesale Trade	18,317,374	28,416,674	64.5%
FIRE	1,321,313	1,645,826	80.3%
Other Business	<u>2,242,057</u>	<u>2,569,893</u>	87.2%
 Total All Industries	 107,976,419	 171,269,231	 63.0%

Source: Property Counselors

Table IV-6

**City of Kenmore
Retail Leakage Analysis**

SIC	CATEGORY	SALES/\$1000 INCOME	2000 KENMORE SPENDING	2000 MKT. SPENDING	2000 KENMORE GROSS SALES	2000 KENM LEAKAGE	2000 MKT LEAKAGE
52	Building Materials/Hardware	18.34	11,859,575	100,937,387	708,391	11,151,185	100,228,996
53	General Merchandise	41.54	26,868,685	228,680,605	0	26,868,685	228,680,605
54	Food	66.48	42,998,190	365,959,553	19,475,222	23,522,968	346,484,331
55	AutoDealers/Gas Station	86.41	55,887,528	475,661,296	14,604,664	41,282,864	461,056,632
56	Apparel/Accessories	19.56	12,652,548	107,686,415	580,121	12,072,428	107,106,294
57	Furniture/Appliances	30.47	19,708,651	167,741,229	2,408,887	17,299,764	165,332,342
58	Eating/Drinking	33.39	21,595,249	183,798,150	10,887,306	10,707,943	172,910,844
59	Misc. Retail	68.12	44,056,062	374,963,147	23,477,085	20,578,977	351,486,062
	Total Retail Trade	364.31	235,626,490	2,005,427,781	72,141,675	163,484,814	1,933,286,106
70	Hotel/Motels	8.02	5,186,975	44,146,582	297,227	4,889,748	43,849,356
72	Personal Services	3.32	2,147,684	18,279,039	1,005,579	1,142,105	17,273,460
73	Business Services	33.17	21,451,049	182,570,857	16,625,747	4,825,302	165,945,110
75	Auto Repair/Services	15.51	10,029,716	85,363,372	6,504,395	3,525,321	78,858,977
76-89	Other Services	19.67	12,723,842	108,293,199	5,654,198	7,069,645	102,639,002
	Total Services	79.69	51,539,267	438,653,050	30,087,145	21,452,122	408,565,904
15-17	Contracting	91.29	59,043,256	502,519,839	22,680,402	36,362,854	479,839,437
19-39	Manufacturing	32.26	20,866,201	177,593,189	5,243,650	15,622,551	172,349,539
40-49	TCPU	32.58	21,071,594	179,341,295	8,483,965	12,587,629	170,857,330
50-51	Wholesale Trade	76.93	49,754,152	423,459,852	28,416,674	21,337,478	395,043,178
60-67	FIRE	7.96	5,150,905	43,839,586	1,645,826	3,505,079	42,193,760
96-99	Other Business	5.74	3,709,747	31,573,826	2,569,893	1,139,854	29,003,933
	Total All Industries	690.75	446,761,612	3,802,408,418	171,269,231	275,492,381	3,631,139,187

In percentage terms, Kenmore gross sales for retail trade sectors represents only one-third of estimated spending by City residents. One of the most dramatic figures is the amount of leakage for food sales. Kenmore stores capture only \$19 million of the \$43 million estimated spending by City residents. It is unusual for a community to experience this level of leakage for a sales category where shoppers stay close to home. This factor is probably due to the presence of the QFC just south of Kenmore in the Inglewood Village Shopping Center, and the extensive construction that was underway at the Safeway in the last year, during which many residents shopped elsewhere.

More generally, Kenmore experiences leakage in the categories where small communities typically have trouble competing – general merchandise and apparel.

SALES EFFICIENCY

Sales efficiency is calculated in terms of gross sales per square foot of building area. Successful regional centers can generate as much as \$500 per square foot, while new smaller centers generate \$200 to \$300, depending on tenant mix. The sales efficiency of Kenmore businesses can be estimated from the gross sales figures and aggregate estimates of retail building area.

Table IV-7 summarizes the amount of retail square footage estimated from County Assessor data.

The sales efficiency of retail trade and service sectors (excluding lodging) can be estimated as follows:

Gross Sales:	\$101,931,593
Square Feet:	565,621
Sales/Square Foot:	\$180

This figure is below the typical figure for new centers, but is adequate for a retail inventory of small and older facilities.

Table IV-7
City of Kenmore
Retail Land Use

	No. of Parcels	Building Square Feet
Commercial Uses		
Discount Store	3	22,452
Neighborhood Center	4	89,516
Retail Store	28	135,863
Retail Strip	6	48,384
Public Uses		
Bank	3	14,196
Bowling	1	50,135
Car Wash	2	4,610
Convenience Store	5	12,268
Daycare	2	13,589
Fast Food	6	15,299
Grocery	3	72,248
Mini-lube	1	1,526
Restaurant	14	71,540
Service Station	3	3,932
Tavern	3	8,011
Veterinary	1	2,052
Total	85	565,621

Source: King County Assessor Records

RETAIL INVENTORY

The retail inventory of Kenmore consists of a mix of shopping centers, shopping districts – a concentration of individual buildings, highway oriented strip development, and some stand-alone facilities. Table IV-8 summarizes the characteristics of existing shopping centers and retail concentrations.

- The largest retail center in terms of square feet is Kenmore Square on Bothell Way. Together with the adjacent bowling alley, this concentration exceeds 100,000 square feet. The major tenants are not traditional retailers, however.
- The retail development around Safeway is the next largest concentration. For this analysis, it is defined to include the Safeway itself, the adjacent Rite Aid building and two smaller strip centers. This aggregation serves as a traditional neighborhood center in terms of size and tenant mix.

**Table IV-8
Retail Centers**

	Square Feet	Year Built	Anchor Tenant	Other Tenants
Kenmore Village 6708/16750 NE 181 st	62,864	1961/6	Food Giant	Ostrom's Little Gym Edward Jones
Kenmore Plaza 6524 NE 181 st	29,231	1961/71/75	City Hall Mick Finsters	Veterinary Clinic Cleaner's Jewel Box Teriyaki
Kenmore Square 7630/7850 NE Bothell Way	110,972	1973/1997	Kenmore Lanes Lake Washington Youth Soccer	Starbucks Food Mart Carpet Mazatlan
Inglewood Square 16528 Juanita Drive	5,400	1988	Plaid Pantry	Video Cleaners Edward Jones Veterinary
Safeway 6850 NE Bothell Way	81,585	1977/2001	Safeway Rite-Aid Blockbuster	Radio Shack Cleaners Teriyaki Pizza Optical
Uplake Town Center 6016 NE Bothell Way	12,916	1989	Grocery Deli	Chiropractor Clinic Supercuts

- Kenmore Village and the adjacent Kenmore Plaza could also be considered together as a single concentration. This center is dated in terms of its configuration, appearance, and performance. The grocery store is small in comparison to current prototypes and is not one of the major chains. There are vacancies and tenants which appear to be marginal. The center lacks contemporary facades and landscaping.
- Inglewood Square and Uplake Town Center are typical strip retail centers, each about 10 years old. Uplake Town Center is full while Inglewood Square has vacancies.

Rents in the newer retail buildings are approximately \$20 per square foot triple net.

There are other retail centers within the Kenmore market area.

Inglewood Village – a neighborhood center anchored by QFC and Bartell Drugs south of Kenmore.

Lake Forest Park Town Center – a community scale center anchored by Albertson's, Gottschalks, Third Place Books, and Shoreline Community College. Third Place Books in particular, draws patrons from North Seattle, North King County, and South Snohomish County.

Bothell has neighborhood centers in its downtown as well as the Canyon Park area.

As presented earlier, there are regional shopping centers north of the market area in Lynnwood, east in Woodinville, south in Seattle and Kirkland.

The LakePointe project has master plan approval for up to 300,000 square feet of retail and service commercial space. Buildout is projected to occur in phases over a ten year period, although that is subject to change based on market conditions. The first phase of construction could begin in the summer of 2002 and would likely consist of multifamily housing.

PROJECTED DEMAND

Future retail demand in Kenmore can be estimated in terms of sales and square feet of additional development. Projected levels of retail development are estimated in three steps.

- Market area spending is estimated as the product of projected households, average household income, and spending factors per \$1,000 of household income. In this case, the City itself is considered as the relevant market area rather than the larger surrounding area, given the location of competitive neighborhood retail concentrations.

- Kenmore's market share is assumed at target levels representing more typical retail performance. For example, food sale capture is assumed to increase from its current share of 45 percent to a more typical 80 percent.
- The increased level of sales is translated into square feet using factors which vary by sector from \$200 to \$300 per square foot.

As shown in Table IV-9, Kenmore's projected sales in retail trade increase from \$72 million in 2000 to \$119 million in 2020. Projected sales in services other than lodging increase from \$30 million to \$40 million. All projections are expressed in constant 2000 dollars.

These increases in sales would be sufficient to support the following increases in retail square footage.

	2000 – 2010	2010 – 2020	Total
Retail Trade	80,000 SF	108,000 SF	188,000 SF
Services Except Lodging	24,000	27,000	51,000
Total	104,000	135,000	239,000

The projections could be expressed in a range of 10,000 to 15,000 square feet per year.

These projections are considered conservative in two respects. First, they are based on population increases for the Kenmore Forecast Analysis Zone. The projected increase is low relative to historic growth. If higher growth is achieved as described in the housing section, the supportable retail development would increase.

Second, they are based on Kenmore's position as a retail center for a local market area. Such a role implies the capture rates shown in the table. It is not likely that Kenmore will serve as a traditional regional center based upon its location on the regional highway network and location of competing regional centers. However, the City does have the potential for specialty retail development in an attractive destination location. A project on the water at a site like LakePointe offers this potential opportunity. Such specialty centers are typically moderate in size, however, featuring two or more restaurants, galleries, and specialty stores in the range of 20,000 to 50,000 square feet.

Generally, the type of retail development implied in the projections is consistent with neighborhood shopping centers, mixed use (residential and retail buildings) and strip centers.

Table IV-9

City of Kenmore Projected Retail Sales

SIC	CATEGORY	CITY SHARE-TARGET			CITY SHARE-TARGET		
		2000	2010	2020	2000	2010	2020
	52 Building Materials/Hardware	6.0%	6.0%	6.0%	708,391	768,557	821,522
	53 General Merchandise	0.0%	0.0%	0.0%	0	0	0
	54 Food	45.3%	60.0%	80.0%	19,475,222	27,990,136	39,892,075
	55 AutoDealers/Gas Station	26.1%	28.0%	30.0%	14,604,664	16,977,609	19,443,866
	56 Apparel/Accessories	4.6%	5.0%	10.0%	580,121	686,359	1,467,319
	57 Furniture/Appliances	12.2%	15.0%	20.0%	2,408,887	3,207,390	4,571,233
	58 Eating/Drinking	50.4%	60.0%	70.0%	10,887,306	14,057,661	17,530,840
	59 Misc. Retail	53.3%	60.0%	70.0%	23,477,085	28,678,769	35,764,337
	Total Retail Trade				72,141,675	92,366,482	119,491,193
	70 Hotel/Motels						
	72 Personal Services	46.8%	60.0%	80.0%	1,005,579	1,398,058	1,992,539
	73 Business Services	77.5%	80.0%	85.0%	16,625,747	18,618,390	21,145,304
	75 Auto Repair/Services	64.9%	70.0%	75.0%	6,504,395	7,617,111	8,723,613
76-89	Other Services	44.4%	50.0%	55.0%	5,654,198	6,902,269	8,115,727
	Total Services				29,789,919	34,535,828	39,977,183
		SALES/ SQ. FT.		ADDITIONAL SQUARE FEET			
		2000-2010	2010-2020	By 2010	By 2020		
	52 Building Materials/Hardware	200	301	265	301	566	
	53 General Merchandise	200	0	0	0	0	
	54 Food	300	28,383	39,673	28,383	68,056	
	55 AutoDealers/Gas Station	500	4,746	4,933	4,746	9,678	
	56 Apparel/Accessories	200	531	3,905	531	4,436	
	57 Furniture/Appliances	200	3,993	6,819	3,993	10,812	
	58 Eating/Drinking	200	15,852	17,366	15,852	33,218	
	59 Misc. Retail	200	26,008	35,428	26,008	61,436	
	Total Retail Trade		79,814	108,388	79,814	188,202	
	70 Hotel/Motels						
	72 Personal Services	200	1,962	2,972	1,962	4,935	
	73 Business Services	200	9,963	12,635	9,963	22,598	
	75 Auto Repair/Services	200	5,564	5,533	5,564	11,096	
76-89	Other Services	200	6,240	6,067	6,240	12,308	
	Total Services		23,730	27,207	23,730	50,936	
	Total		103,543	135,595	103,543	239,138	

V. OFFICE DEMAND

Office development in Kenmore can respond to the needs of businesses serving a larger region or employers serving local residents and businesses. Future demand for office development is presented in this section in terms of:

Regional Market Conditions

Kenmore Market Conditions

Projected Demand

REGIONAL MARKET CONDITIONS

Kenmore is a small part of the Puget Sound office market. Data on office market conditions are collected and monitored closely by several major real estate brokerage firms. Table V-1 summarizes the most recent data published by CB Richard Ellis. The figures include existing single- and multi-tenant buildings 10,000 square feet or larger excluding government-owned and medical buildings.

As shown in the table, CB Richard Ellis reported 73 million square feet of space in the office inventory as of the second quarter of 2001. The two major subareas are Downtown Seattle and the Eastside. While there are no Kenmore buildings in the inventory, Kenmore would be included with Bothell in the Eastside market.

Market conditions have changed dramatically in the last year. Area-wide vacancy rates have increased from 2.7 percent at the end of 2000 to 10 percent at the end of June 2001. This result was a combination of an increase in supply with the completion of several new buildings, and a decline in absorption with an overall softening of the economy and the shake-out in the technology sectors.

Rent levels were affected as well. Downtown Seattle average rents dropped from \$39.09 per square foot per year fully serviced at the end of 2000 to \$33.72 at the end of June 2001. The other subareas were not affected to the same extent and overall average rents dropped from \$31.08 to \$29.70 per square foot.

The Eastside maintained strong absorption through the first half of this year, but the increase in inventory in the face of a further slowing in the economy will lead to increased vacancies and downward pressure on rents.

Table V-1

**Puget Sound Office Market
Overview 2nd Quarter 2001**

Office Market Size	Net Rentable Area (SF)	Under Construction (SF)
Downtown	32,226,593	2,322,959
Southend	8,311,782	336,838
Tacoma/Federal Way	4,240,384	222,000
Eastside	24,482,923	1,708,189
Snohomish County	2,967,561	229,532
Northend	1,121,975	76,972
Total	73,351,218	4,895,490

<u>Absorption (SF)</u>				
Office Market Performance	1991 – 2000	2001 to Date	Vacancy	Average Rent
Downtown	694,400	(535,934)	9.59%	\$33.72
Southend	364,900	99,778	10.67	\$22.25
Tacoma/Federal Way	81,200	190,976	8.16	\$19.45
Eastside	815,600	872,373	9.33	\$29.80
Snohomish County	10,700	21,227	19.45	\$21.54
Northend	6,300	(36,344)	4.57	\$25.07
Total	1,973,200	612,076	9.87%	\$29.70

Source: CB Richard Ellis

KENMORE MARKET CONDITIONS

Kenmore has a very small office inventory. According to King County Assessor data, there are 21 office buildings in Kenmore with 92,000 square feet of space in total. As shown in Table V-2, the inventory is almost evenly split between general and medical office.

Table V-2

City of Kenmore Office Land Use

	Number	Square Feet
General Office – Over 4,000 SF	5	38,356
General Office – 4,000 SF or Less	7	7,723
Subtotal General Office	12	46,079
Medical Office – Over 4,000 SF	5	36,963
Medical Office – 4,000 SF or Less	2	4,756
Subtotal Medical Office	7	41,719
Public	2	3,813
Total	21	91,611

Source: King County Assessor Records

The characteristics of the buildings with more than 4,000 square feet are summarized in Table V-3. As shown, the largest buildings are only 10,000 square feet.

The buildings are generally full, with the exception of the following buildings:

Kenmore Professional Center:	700 Square Feet
Evergreen Medical:	1,400
Kenmore Lake Building:	2,404
17511 – 68 th :	4,300 (excluding leased but unoccupied space)

The 8,800 square feet of vacant space represents approximately 12 percent of the space in the buildings in Table V-3.

The tenant mix is typical of local office markets. In addition to the local medical community, the office market houses local finance, insurance, real estate, and services firms.

Asking rental rates in Kenmore vary as follows:

Kenmore Professional Center:	\$14.40/SF/year fully serviced (except electrical)
Evergreen Medical:	\$21/SF/year fully serviced
Kenmore Lake Building:	\$28/SF/year fully serviced
17511 – 68 th NE:	\$18/SF NNN (tenant pays expenses)

Table V-3
City of Kenmore
Characteristics of Existing Office Buildings

	Address	Square Feet	Year Built	Tenant Mix
Medical/Dental				
Blake Professional Center	5723 NE Bothell Way	8,400	1990	Dentists
Uplake Building	5701 NE Bothell Way	10,588	1975	Dentists, Counseling
Evergreen Medical	18208 – 66 th NE	7,827	1966	Medical
6610 NE 181 st NE		5,981	1975	Medical
Kenmore Dental	6503 NE 181 st	4,167	1957	Dental
Other				
Kenmore Professional Center	7104 NE 181 st	10,486	1977	Misc. Office
19314 – 55 th NE		6,104	1983	
Kenmore Lake Building	6161 NE 175 th	8,958	1988	Law, Misc.
		(Office Floor)		
Morrison Building	17455 – 68 th NE	10,518	1963	Insurance, CPA
17425 – 68 th NE		6,352	1996	Contractor
17511 – 68 th NE		8,200		Medical lease (unoccupied)
6141 NE Bothell Way		4,536	1962	

All the asking rates are negotiable and prevailing rates may be significantly lower. With the exception of the Kenmore Lake Building, the rents are typical for local serving office space throughout the region. The Kenmore Lake Building is special, given its setting on Lake Washington.

The LakePointe project has master plan approval for up to 350,000 square feet of office space. Buildout is projected over a ten year period, although that is subject to market conditions. The first phase of construction could begin in the summer of 2002 and would likely consist of multifamily housing.

COMPETITIVE DEVELOPMENT

The potential for Kenmore as a location for regional serving office depends on its competitive position with respect to other office locations in the North King, South Snohomish, and Eastside locations. Three potentially competitive locations are summarized in Table V-4.

As evidenced by the size of existing developments in these localities, they are established office locations. The primary competitive factor in each case is the location near a major interstate highway. Kirkland offers the additional factor of waterfront access or views. Carillon Point is close to SR-520, but its distinctive characteristic is its waterfront setting in a mixed use development. The strong demand for such features is demonstrated by the fact that Carillon Point commands some of the highest rents in the region at \$45 to \$52 per square foot fully serviced.

PROJECTED DEMAND

Kenmore is likely to continue to serve as a local-serving office market. It can't compete in terms of highway access with surrounding office concentrations. While it has an opportunity to capitalize on its waterfront location, that opportunity is specific to the LakePointe site.

As a local serving office center, Kenmore's office demand will grow with population and business growth, with additional space required to replace functionally obsolete space. A 5 percent annual growth rate is high enough to meet these elements of demand. Accordingly, the current office occupancy could be expected to grow by 5,000 square feet per year through 2010.

The additional office development will take the form of small increments as part of mixed use commercial or residential/commercial structures, or stand-alone buildings.

Table V-4

Selected Competitive Office Locations

	Bothell	Mountlake Terrace	Kirkland
Location	Canyon Park North Creek	220 th Ave. SW 244 th	Downtown
Competitive Factors	I-405 Access	I-5 Access	I-5 Access SR-520 Access Water Access and Views
Examples	Canyon Park Office Heights 143,800 SF Canyon Park Commons 280,000 SF Quadrant Monte Villa IBM Catapult 63,000 Schmitzer North Creek Technology Campus 326,367	Mountlake Terrace Corporate 120,000 Hall Creek Office 45,000 SF Washington Credit Financial 39,600	Carillon Point 450,000 SF Kirkland Park Place 92,800 SF

VI. DOWNTOWN DEVELOPMENT POTENTIAL

The previous sections provided projections of demand for multifamily residential, retail and office development for the City of Kenmore as a whole. These projections can be allocated to the Downtown and Northwest Quadrant based on requirements of the uses and the characteristics of the areas. The resultant projections of demand for the Downtown and Northwest Quadrant are presented in this section in terms of:

Characteristics of Downtown and Northwest Quadrant

Multifamily Residential Demand

Retail Demand

Office Demand

CHARACTERISTICS OF DOWNTOWN AND NORTHWEST QUADRANT

The key characteristics of Downtown Kenmore can be summarized in terms of general location, highway access, lake setting, and low or moderate density of existing development.

The Downtown is centrally located within the City and within the larger market area around it.

The Downtown is located at the intersection of the two major highways in Kenmore: SR-522 and 68th Avenue NE/Juanita Drive NE. These streets not only provide access to Downtown Kenmore and the market area; they also provide major east-west access around the north end of Lake Washington. At the same time, these routes are heavily congested most times of the day, and the draw of the Downtown to areas served by the routes is somewhat diminished. Improvements to SR-522 may alleviate some of this congestion.

The setting of Kenmore on Lake Washington and to a lesser extent the Sammamish River, provide a waterfront setting which is available in the region only in Kirkland, parts of Seattle, and Renton. Further, views of the Lake from areas are available from higher elevations to the north and west.

Existing development in Downtown Kenmore varies from the low intensity industrial development south of SR-522, to the moderate intensity commercial development north of the highway. Property values in the latter area will require higher density redevelopment. The specific requirements for development feasibility will be tested in later phases of the Downtown Plan study.

MULTIFAMILY RESIDENTIAL DEMAND

The projected demand of 400 – 600 multifamily housing units over the period 2000 to 2010 in the City can be allocated among areas approximately as follows:

Projected Demand 2000 - 2010

	Non-Downtown Share	Downtown Share	Northwest Quadrant Share
Luxury		40 – 60	
High Amenity	40 – 60	160 – 240	100 – 150
Basic	100 – 150	60 – 90	30 – 45
Total	140 – 210	260 – 390	130 - 195

An estimated 60 percent of the multifamily housing is projected to occur Downtown, with the rest in single use developments in less expensive areas of the City. The Northwest Quadrant is projected to capture an estimated 60 percent of the Downtown demand in the non-luxury segments.

A mixed use development on the scale of the proposed LakePointe project would create additional demand beyond these levels, because of its relatively unique characteristics. In addition, there will be demand for age and income qualified apartment projects, subject to availability of housing subsidies.

RETAIL DEMAND

The projected demand of 100,000 to 150,000 square feet of retail development over the period 2000 to 2010 can be allocated among areas approximately as follows:

Projected Demand 2000 - 2010

	Non-Downtown Share	Downtown Share	Northwest Quadrant Share
Neighborhood Center	0	50,000 – 75,000	50,000 – 75,000
Strip/Standalone	5,000 – 10,000	25,000 – 35,000	10,000 – 20,000
Specialty	0	0	0
Mixed Use	0	20,000 – 30,000	20,000 – 30,000
Total	5,000 – 10,000	95,000 – 140,000	80,000 – 125,000

In estimated 90 percent of the retail development is projected to occur Downtown, with the rest occurring as strip development along arterials elsewhere. Neighborhood center development anchored by a grocery store will be the predominant form. The Northwest Quadrant is projected to capture approximately 80 percent of that demand.

Again, a mixed use development on the scale of the projected LakePointe project would create its own demand in the specialty segment.

OFFICE DEMAND

The projected demand of 40,000 to 60,000 square feet over the period 2000 to 2010 can be allocated among areas approximately as follows:

Projected Demand 2000 - 2010

	Non-Downtown Share	Downtown Share	Northwest Quadrant Share
Local Serving	4,000 – 6,000	36,000 – 54,000	18,000 – 27,000
Regional	0	0	0
Total	4,000 – 6,000	36,000 – 54,000	18,000 – 27,000

An estimated 90 percent of the retail development is projected to occur Downtown, with the rest occurring in strip retail centers or small stand-alone buildings along arterials. All development is projected to be local serving. The Northwest Quadrant is projected to capture approximately 50 percent of the Downtown demand.

Again, a mixed use development of the scale of the proposed LakePointe would create its own demand, and possibly attract regional serving office tenants.

